

# DONOR-ADVISED FUNDS POLICIES AND PROCEDURES



*The Donor-Advised Funds Policies and Procedures serve as a guideline for establishing and maintaining a donor-advised fund ("DAF" or "Fund") with the Jewish Community Federation and Endowment Fund ("the Federation").*

## SERVICES

Our services include:

- Personalized support from experienced philanthropic advisors who can provide assistance in identifying grantees and creating individual and/or family philanthropic vision and goals.
- Due diligence on all grantees, including ensuring compliance with Federation's grant guidelines and a financial health review, as necessary, for grantees which are new to the Federation.
- Access to the Federation's online Fund portal ("portal") to submit grant recommendations, track contributions, and view Fund balances and quarterly statements.
- Curated and collective giving opportunities that address pressing needs in the Jewish community.
- Access to the Federation's Impact Loan portfolio, allowing Fund assets to be loaned out for community impact, with assets to be returned to the Fund at a future date for grantmaking or additional loans.
- Invitations to exclusive learning, community, and social events.

## ADMINISTRATIVE FEES

The Federation charges an annual administrative fee to support the services outlined above, as well as grantmaking and fund administration. Fund administration includes conducting due diligence on grantees, liquidating assets, processing contributions, issuing grant payments via checks and wire transfers, distributing statements, and maintaining the platform that enables the efficient delivery of these services.

- \$100 minimum fee per year
- 1.0% on the first \$3 million
- 0.75% on the next \$7 million
- 0.5% on the next \$15 million
- 0.25% over \$25 million

Fees are calculated on the average daily balance of the Fund (including all cash and non-cash assets) and withdrawn from the Fund quarterly. Fees are subject to change; any such changes will be communicated to fundholders in writing.

Other fees may be charged, as needed, for special services required by a Fund, above and beyond those services listed (e.g., legal fees to assess non-cash gifts, onboarding and administration of consultant payments, and outside investment management). These fees will be disclosed prior to entering into any work which may require them.

## FUND ROLES

- **Primary Fund Advisor (Primary):** Full advisory privileges over a Fund, including grant recommendations, investment recommendations, naming of Additional Interested Parties and Successor Advisors, and other Fund administration advisory privileges. Primary Fund Advisor is/are the donor and/or "founding" Fund Advisor(s).
- **Fund Advisor (FA):** Full advisory privileges over a Fund, including grant recommendations, investment recommendations, naming of Additional Interested Parties and Successor Advisors, and other Fund administration advisory privileges. Fund Advisors retain their role on the fund after the lifetime(s) of all Primary Fund Advisors.
- **Grant Representative (GR):** Full advisory privileges over grant recommendations but no other Fund administration

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privileges. (e.g., Philanthropic Advisor/Consultant). Grant Representatives remain on the Fund at the discretion of the Primary/Fund Advisor(s).

- **Interested Party (INT):** Access to view Fund information online but no advisory privileges. (e.g., Financial Advisor, Legal Counsel). Interested Parties remain on the Fund at the discretion of the Primary/Fund Advisor(s).
- **Primary Advisor for Minor (PAM):** acts as Primary Advisor on Fund set up for a minor; privileges may be ended when the minor turns 18, at the discretion of the (former) minor.
- **Successor Advisors (SA):** Successor Advisors assume advisory/administrative privileges for the Fund's grants and investments after all initial Fund Advisors are unwilling or unable to exercise their privilege to do so. Successor Advisors may be named at any time during the lifetime of the Primary Fund Advisors and the Fund Advisors. Successor Advisors are not notified by Federation of this role, and will have no access to Fund details, until such time as they become Fund Advisors.

## FUND REQUIREMENTS

- A Fund may be established with a minimum gift of \$5,000 and upon receipt of the signed Donor-Advised Fund Agreement. The date on which the initial contribution is received by the Federation constitutes the "establish date" of the Fund. Delivery of the Property constitutes an irrevocable gift by the Donor to the Federation.
- Fund Advisors must be 18 years of age or older. Funds for minors may be set up with a parent or legal guardian acting as a Primary Advisor for Minor. When the minor turns 18, they will receive an email prompting them to confirm whether they would like the Primary Advisor for Minor removed from their fund. At this point, the former minor assumes the role of the Primary Fund Advisor.
- If a minor is under the age of 13, they will not be granted access to the portal. The Primary Advisor for Minor must submit all grant and fund-administrative recommendations on their behalf. Upon reaching the age of 13, the minor will be invited to the portal and may submit grant and investment recommendations. These recommendations will be automatically copied to the Primary Advisor for Minor, who retains the authority to cancel any recommendation they do not approve.
- All Funds must maintain a minimum balance of \$500. If a grant or loan recommendation is submitted that would reduce the Fund balance below this threshold, the Primary Fund Advisor(s) will be notified and requested to replenish the fund. If the balance remains below \$500 for more than 90 days, the Federation reserves the right to close the Fund after providing appropriate notice.
- Inactive Funds: Fund Advisors must recommend at least one grant or impact loan annually or the Fund will move to "Inactive" status. Upon notification, Funds in "Inactive" status have 90 days to recommend a grant or impact loan, after which time, the Federation reserves the right to take action at its discretion, up to and including closure of the Fund due to inactivity.

## CONTRIBUTIONS

- Contributions to a Fund may be made via check, wire transfer, ACH, credit card or stock. Gifts of non-cash assets may also be accepted in accordance with the Gift Acceptance Policies outlined below.
- Checks should be made payable to the "Jewish Community Federation" and must include the Fund name and number in the memo section.
- Instructions for submitting stock transfers and wire transfers can be found on the portal.
- Credit card and ACH contributions may be made via the portal.
- To ensure accurate processing, donors must notify the Fund Administration team through the portal when initiating a contribution.
- Any shares of stock received by the Federation that are not subject to SEC restrictions will be liquidated as soon as is practicable, unless the Federation determines otherwise in its sole discretion. While the Federation will make every effort to assist donors and their financial representatives with the transfer of contributions, the Federation is not responsible for any market value fluctuations prior to receipt of the contribution.

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## GIFT ACCEPTANCE POLICIES

- The following types of complex gifts may be considered for acceptance by the Federation according to specific criteria to ensure accurate valuation, an understanding of legal and accounting issues, and a thorough understanding of the asset: securities; real estate and interests in real estate; interests in closely-held corporations, partnerships or limited liability companies; life insurance; and retirement plan assets.
- Legal counsel may be consulted for proposed gifts involving illiquid assets, potential conflicts of interest, or issues related to federal or state tax laws. Any legal fees for such review will be charged to the Fund, regardless of whether the gift is ultimately accepted by the Federation.
- By law, charitable deductions for gifts of non-cash assets must be substantiated by a qualified appraisal, for which the donor is responsible. Donors must provide an appraisal or another valuation basis when the Federation considers a non-cash asset for acceptance. Certain alternative investments held in the Fund may require additional appraisals for audit purposes; any associated appraisal fees will be charged to the Fund.
- The Federation may engage an external resource to facilitate the acceptance of complex gifts. Donors will still receive a tax deduction, and the proceeds from the asset's sale will be transferred to the Fund as cash.
- The Federation does not provide legal, financial, investment, accounting, or tax advice and strongly encourages donors to seek guidance from their professional advisors.
- If a proposed contribution includes assets that are not readily marketable or are subject to liabilities or restrictions, the Chief Executive Officer, Chief Financial Officer, or a designated representative of the Federation will have the authority to accept or reject the contribution. Donors may not impose any material restrictions or conditions that would prevent the Federation from freely and effectively utilizing the contributed assets or any income derived from them to further its charitable mission.
- All contributions must be free of transfer restrictions. To qualify for the tax benefits associated with a charitable gift, the donation must be complete, which means that the donor must relinquish control over the contributed assets. Any indication of donor control may jeopardize the donor's tax deduction.

## FUND ADVISORY PRIVILEGES

- **Fund Advisor Privileges:** Fund Advisors have advisory privileges over a Fund, including making grant and investment recommendations, as well as recommending Additional Interested Parties and/or Successor Advisors, in accordance with Federation policies.
- **Eligibility of Fund Advisors:** Fund Advisors must be immediate family members of the donor(s) who established the Fund, unless otherwise approved by the Federation at its sole discretion.
- **Additional Interested Parties:** Fund Advisors may designate representatives (Additional Interested Parties) who can view Fund details and/or recommend grants on their behalf. These representatives do not retain their roles after the lifetime of the Primary Fund Advisors unless requested by the designated Successor Advisors.
- **Jointly Advised Funds:** If a Fund has multiple advisors, the surviving advisor(s) will retain full advisory privileges upon the death of one advisor.
- **Transitioning Successor Advisors Before the Death of Primary Advisors:** If a Primary Fund Advisor becomes incapacitated or is no longer fully in control of their faculties and does not have a Power of Attorney (POA), the Federation requires either a signed authorization from the advisor or a doctor's note to promote Successor Advisors to an active role. Family members who are not named in connection with the Fund will not be able to receive any information about the Fund from the Federation.
- **Role of Power of Attorney (POA):** If a Primary Fund Advisor is incapacitated and has designated a POA, the POA may submit grant recommendations on their behalf during their lifetime. To add a POA as a Grant Representative, the Federation requires a signed authorization from the advisor or a doctor's note, along with a copy of the POA document. The POA may not name themselves as a Successor Advisor. Upon the death of the Primary Fund Advisor, the Federation's policies will determine the final distribution of the Fund.

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- **Multiple Generations of Advisors:** Successive generations of Fund Advisors may be designated at the time of Fund creation or added later.
- **Successor Advisor Promotion:** All named Successor Advisors will be promoted to Fund Advisor status simultaneously.
- **Adding or Removing Successor Advisors:** Primary Fund Advisors may add or remove Successor Advisors at any time. The Federation does not notify Successor Advisors of changes made to their designation.
- **Termination of Advisory Privileges:** If all named Fund Advisors are deceased or otherwise unable to make recommendations, the Fund will cease to be a Donor-Advised Fund and will be transferred to the Federation's Unrestricted Endowment, unless a prior written agreement states otherwise.
- **Divorce of Primary Fund Advisors:** If married/partnered Primary Fund Advisors divorce, the Federation will request that the couple jointly recommend a grant to transfer half of the Fund's assets to a new Fund for one of the partners. If one partner is to retain the Fund and its advisory privileges while the other is removed, this decision must be communicated jointly to the Federation by both advisors.

## RIDERS/SUCCESSION PLANNING

- **Legacy Guidelines:** New and existing Funds may establish Legacy Guidelines to provide guidance for their children or Successor Advisors on how the Fund's assets could be granted. These guidelines can include personal stories, values, and preferences to offer context for future giving. The Federation's Philanthropy Advisors are available to assist Fund Advisors in crafting these Legacy Guidelines.
- **Legacy Grant Recommendations:** Primary Fund Advisors may also create Legacy Grant Recommendations to designate specific beneficiaries for a portion or the entirety of the Fund's assets. These recommendations will be given full consideration and will only be denied if they conflict with the Federation's funding guidelines.
- **Multiple Successor Advisors:** If multiple successor advisors are named, the Fund will automatically be divided into separate, equal Donor-Advised Funds (Funds), with each successor overseeing their own Fund. However, arrangements can be made to retain multiple successors on the original Fund following a discussion with a Philanthropy Advisor.
- **Non-Binding Nature of Legacy Guidelines:** Legacy Guidelines serve as recommendations and are not legally binding on the Federation. If desired, the Federation can assist Fund Advisors in balancing their intentions between immediate charitable gifts, endowments upon their passing, and the philanthropic involvement of future generations.

## GRANT RECOMMENDATION GUIDELINES

- **Minimum Grant Requirement:** Each grant recommendation must be at least \$100.
- **Legal Compliance:** Current legislation prohibits any grants from a donor-advised fund to individuals for any purpose.
- **Submission Process:** Grant recommendations must be submitted through either the portal or via a signed Federation grant recommendation form by a Fund Advisor.
- **Due Diligence:** The Federation will conduct due diligence to ensure that grant funds are directed to qualified charitable organizations in accordance with Federation policies and grantmaking guidelines. Should staff determine that a grant does not meet these requirements, the Fund Advisor will be notified.
- **Purpose of Grants:** The purpose of the grant must be included in the recommendation at the time of submission. This purpose shall not be communicated separately to the grantee without the Federation's consent.
- **Payment Protocol:** All grants are issued directly to the grantee organization and sent to the organization's address on record. For grants recommended in response to individual fundraising campaigns, the Federation will send the check directly to the organization.
- **Grant Award Letters:** Award letters will include the name of the Fund and the recommender's name(s), unless otherwise requested. The recommender's mailing and/or email address may also be shared with the grantee. The portal includes features allowing you to choose which of these identifying features to share via the grant award letter.

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- **Timeliness of Grants:** Approved grants are typically processed and sent within 10 working days of receiving the recommendation.
- **IRS Compliance:** In accordance with the Internal Revenue Code, grants cannot be made to private non-operating foundations, for non-charitable purposes, to individuals, or for political contributions or campaign activities. Grants must not designate individual scholarship recipients or allow specific individuals to direct the use of the funds, except for the grantee's professional staff.
- **No Personal Benefit:** Neither Fund Advisors nor related parties may receive any benefits or privileges in exchange for a grant from the Fund. This prohibition extends to tickets for events, auction items, memberships (other than those for religious institutions), school tuition, or any compensation from the grantee organization, including salaries or consulting fees.
- **Tax-Deductible Contributions:** The Fund cannot cover the tax-deductible portion of any ticket or membership; the Fund Advisor must pay the entire amount personally. For example: If a charity's fundraising ticket is \$200 per person, with \$100 being tax-deductible and \$100 being non-deductible, no part may be paid by the Fund. A grant cannot be issued where, without its payment, the charity would not receive the full event price. Fund Advisors are subject to IRS penalties if they, or any related parties, receive benefits, goods, or services linked to a grant recommendation.
- **Legal Obligations:** No distribution from the Fund may satisfy a legally enforceable pledge or obligation.
- **Grant Agreements:** Fund Advisors must not enter into or sign grant agreements committing funding from their donor-advised fund. A grant from a donor-advised fund constitutes an agreement solely between the Federation and the charity. For any written agreements regarding your grant recommendation, please consult the Federation's Fund Administration team for assistance in advance.
- **Non-Binding Recommendations:** While The Federation has sole discretion over all matters pertaining to fund distributions, Fund Advisors may submit non-binding recommendations for the Federation's consideration. The Federation makes every effort to act in accordance with the donor's recommendations, provided they are in compliance with grant guidelines and policies.

## INVESTMENTS

*The Federation's Investment Committee provides fiduciary oversight and reviews the performance and management of the investment portfolio.*

- The Federation offers a Short-Term Investment Pool, four Investment Pools with varying degrees of risk, and a Jewish Values Strategy (JLens). All Funds will maintain a minimum \$500 cash balance in the Short-Term investment pool. Assets above this amount may be recommended to either or both of the following:
  - o \$1,000 minimum investment in one Federation Investment Pool
  - o \$1,000 minimum investment in our Jewish Values Fund (JLens)
- Fund Advisors may recommend a change to their investment allocation monthly. Recommendations made by the 18th of the month will be implemented on the first business day of the following month. Recommendations must be made via the Reallocation feature on the portal or via a signed Investment Selection Form. Fund reallocation options are intended for overall investment strategy shifts, not to be deployed as an active investment management strategy.
- Funds with balances of \$500,000 or more may work with an outside investment advisor to manage investments in their Fund. All investment recommendations are subject to approval of the Investment Committee in its discretion. Outside investment advisors must go through a review process with the Federation's Investment Committee, a process which may take 2-4 weeks.
- The Federation will hold, manage, invest, and reinvest the assets of the Fund (including principal, capital appreciation and any undistributed income) as part of the Federation's investment portfolio, consistent with the Federation's investment policy. Although Fund assets may be commingled with other assets of the Federation, the Fund's separate identity will be maintained. The Federation retains full authority and control over the investment of assets contributed to the Fund.
- The Federation does not guarantee that the Fund will earn any specific rate of return. The Federation is not liable for any diminution in the value of the Fund, including, but not limited to, any losses that may result from the investment of the Fund.

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- The Federation shall not be required by any restriction or agreement with any donor, express or implied, to retain any securities or other investment assets transferred to it. Decisions with respect to the retention, investment or reinvestment of assets and with respect to commingling of assets shall be made by the Federation at its discretion.

## OTHER

### Portal

Donors are encouraged to use the Fund portal to manage and track their fund activity. The portal provides donors with the most up-to-date information on their Fund, as well as quarterly statements.

### Dissolution of the Federation

If the Federation dissolves, or for any reason ceases to hold or administer the Fund or otherwise to carry out its obligations under this Agreement, the net assets of the Fund will be distributed to such charitable organizations as the Federation's Board of Directors may select, giving consideration to advice offered by the Fund Advisor. Such distributions will be subject to the provisions of the Federation's Articles of Incorporation and Bylaws and applicable law.

### Tax Status of Contribution

Funds established at the Federation are component Funds of the Federation, a Section 501(c)(3) public charity. Contributions are generally tax deductible, subject to individual limitations. However, it is recommended that donors consult with their certified public accountant or other financial advisor regarding the tax deductibility of a gift.

### Variance Power

All assets contributed to Funds become irrevocable gifts to the Federation and legal control and responsibility for the Funds rest with the Federation. The Federation, in its normal corporate capacity, shall have the ultimate ownership, authority and control over all property in the Fund, and the income derived therefrom, for the charitable, educational, and religious purposes of the Federation. All Funds established at the Federation are subject to the Federation's "variance power," as set forth in the Federation's bylaws. Variance power gives the Federation the authority to modify any restriction or condition on the distribution of Funds for any specified charitable purposes or to specified organizations if, in the sole judgment of the Federation's board of directors, such restriction or condition becomes unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community served.

### Legal Definition

The Fund shall be a charitable donor-advised fund, as defined in Section 4966 of the Internal Revenue Code of 1986, as amended ("Code") and the Fund shall be administered under and subject to the Federation's policies. The donor-advised fund Agreement shall be interpreted in a manner consistent with the foregoing provisions of the federal tax laws and any regulations issued pursuant thereto. The Federation may amend the Agreement to conform to the provisions of any applicable law or government regulation to carry out the foregoing intention. Reference herein to the provisions of the Internal Revenue Code of 1986 shall be deemed references to the corresponding provisions of any future Internal Revenue Code.